



LEGISLATURE

MINUTES

NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENTAL QUALITY APPROPRIATIONS SUBCOMMITTEE

Wednesday, January 29, 2020 | 8:00 a.m. | 210 Senate Building

Members Present:

Sen. David P. Hinkins, Senate Chair
Rep. Stewart E. Barlow, House Chair
Rep. Scott H. Chew, House Vice Chair
Sen. Don L. Ipson
Sen. Jani Iwamoto
Sen. Ralph Okerlund
Sen. Scott D. Sandall
Sen. Ronald Winterton
Rep. Carl R. Albrecht
Rep. Kay J. Christofferson
Rep. Stephen G. Handy
Rep. Suzanne Harrison

Rep. Karen Kwan
Rep. Phil Lyman
Rep. Lee B. Perry
Rep. Casey Snider
Rep. Keven J. Stratton
Rep. Logan Wilde

Members Absent:

Sen. Daniel W. Thatcher

Staff Present:

Ivan D. Djambov, Finance Manager
Lacey K. Moore, Financial Analyst
Christopher Vizcardo, Committee Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

Chair Hinkins called the meeting to order at 8:08 am.

1 . Approval of Minutes

MOTION: Vice Chair Chew moved to approve the minutes. The motion passed with a vote of 10 - 0 - 9.

Yeas-10

Rep. C. Albrecht
Rep. S. Chew
Rep. K. Christofferson
Rep. S. Handy
Sen. D. Hinkins
Sen. D. Ipson
Rep. K. Kwan
Rep. P. Lyman
Sen. R. Okerlund
Sen. R. Winterton

Nays-0

Absent-9

Rep. S. Barlow
Rep. S. Harrison
Sen. J. Iwamoto
Rep. L. Perry
Sen. S. Sandall
Rep. C. Snider
Rep. K. Stratton
Sen. D. Thatcher
Rep. L. Wilde

2 . Subcommittee Overview

Lacey Moore, Financial Analyst, Office of the Legislative Fiscal Analyst (LFA), presented an overview of upcoming agenda items.

[2-Subcommittee Overview](#)

Rep. Stratton asked a question regarding the Governor's budget request. Chair Hinkins responded.

Rep. Lyman asked a question regarding submitting priorities on funding requests. Chair Hinkins answered.

Lacey Moore continued her presentation.

Chair Hinkins gave remarks about Lacey Moore's presentation.

3 . A Performance Audit of Utah's Oil and Gas Program

Brian Dean, Deputy Auditor General, , Office of the Legislative Auditor General, gave a presentation, assisted by Nicole Luscher, Lead Auditor, OLAG.

[4a-Oil and Gas Program Audit Summary](#)

[4b-A Performance Audit of Utah's Oil and Gas Program](#)

Rep. Barlow asked for clarification on the cost of plugging up at-risk wells. Nicole Luscher clarified.

Rep. Christofferson asked for clarification on the audit recommendation regarding fines. Brian Dean responded.

Sen. Okerlund asked a question regarding the budget for inspectors. Nicole Luscher responded with input from Brian Dean. Discussion followed.

Sen. Winterton commented on local efforts to resolve issues and asked if there was a record of resolved complaints. Brian Dean responded. Discussion followed.

Rep. Harrison asked a question regarding limiting tax-payer liability on abandoned wells. Nicole Luscher responded.

Rep. Albrecht asked a question regarding the production and personnel numbers of adjacent states. Nicole Luscher responded with input from Brian Dean. Discussion followed.

Rep. Chew asked whether the audit took into consideration land ownership of categories of oil wells. Nicole Luscher responded.

Chair Hinkins asked whether other states have oversight over solar or wind farms. Brian Dean responded.

[3a-Division of Oil, Gas and Mining Presentation](#)

[3b-Division of Oil, Gas and Mining Handout](#)

Brian Steed, Executive Director, Department of Natural Resources, gave the Division of Oil, Gas, and Mining's response to the audit assisted by John Baza, Division Director, Division of Oil, Gas, and Mining.

Rep. Stratton asked John Baza to comment on the non-compliance backlog. John Baza responded with the support of Bart Kettle, Deputy Director, Division of Oil, Gas, and Mining, and Brian Steed.

Rep. Barlow asked why there hadn't been a fine given in 25 years. John Baza responded.

Bart Kettle spoke on compliance items with the support of John Baza and Paula Dupin-Zahn, Finance Manager, Division of Oil, Gas, and Mining.

Rep. Chew asked clarification on how active wells are classified. Bart Kettle clarified.

Sen. Ipson commended the work of the Division of Oil, Gas, and Mining.

Rep. Lyman commented on the value of production of oil and gas.

Rep. Christofferson asked for clarification on performance metrics. John Baza responded.

Sen. Sandall commented on the importance of natural resources.

Sen. Winterton asked a question regarding the amount of wells with code violations. John Baza and Bart Kettle responded.

Sen. Albrecht commented on putting the result of the audit into perspective.

4 . Division of Oil, Gas, and Mining

[3c-Oil, Gas, and Mining Ongoing Funding FY 2020](#)

[3d-Oil, Gas, and Mining Fees](#)

Ivan Djambov, Finance Manager, Office of the Legislative Fiscal Analyst, presented on the Division of Oil, Gas, and Mining budget.

Rep. Christofferson referred to the fees document found online and suggested adjustments to the fees.

Chair Hinkins asked clarifying questions on the cost of permits and inspections. John Baza and Bart Kettle responded.

Rep. Kwan asked a clarifying question regarding the Division of Oil, Gas, and Mining's base budget. Ivan Djambov responded.

Brian Steed commented on Ivan Djambov's response to Rep. Kwan.

Paula Dupin-Zahn, Financial Manager, Division of Oil, Gas and Mining, made a comment regarding the non-lapsing balance for the plugging of abandoned wells.

Ivan Djambov concluded his presentation on the Division of Oil, Gas, and Mining base budget.

Paula Dupin-Zahn commented on the base budget.

5 . Responses to the Audit Subcommittee

Ivan Djambov briefly introduced the letter from the Legislative Auditor General.

[5a-Oil and Gas Audit - Letter to NRAEQ Appropriations Subcommittee](#)

Responses to the Audit Subcommittee were postponed because of lack of a quorum.

6 . Other Business

7 . Adjourn

MOTION: Sen. Okerlund moved to adjourn at 10:16 am.

Chair Hinkins adjourned the meeting at 10:16 am.